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COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS

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 2129 RAYBURN HOUSE OFFICE BUILDING
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September 22, 1992

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(202) 225-4147

Honorable Robert M. Gates
 Director of Central Intelligence
 Central Intelligence Agency
 Washington, D.C. 20505

Dear Director Gates:

The Committee on Banking, Finance and Urban Affairs is in receipt of a letter from Acting General Counsel of the Central Intelligence Agency (CIA), David P. Holmes, to the Acting U.S. Attorney in Atlanta (AUSA), Gerralyn Brill, dated September 17, 1992, which appears to contain misleading information regarding the CIA's knowledge of BNL-Rome involvement in the BNL-Atlanta loans to Iraq.

The CIA letter contains the following passage:

8. QUESTION: Does the CIA have any information that BNL-Rome was aware of the illegal activities engaged in by BNL-Atlanta? If so, when did the CIA acquire such knowledge?

ANSWER: CIA has publicly available information, acquired in December, 1989 - January, 1990 time-frame, that BNL-Rome was aware of illegal activities engaged in by BNL-Atlanta.

The CIA's answer to this question is misleading in several respects. First, on August 20, 1991 I wrote the CIA asking for information on several subjects of the Committee's BNL investigation. The CIA response, dated November 12, 1991, contains an appendix entitled, "CIA Raw Reporting Concerning Iraq's Financial Situation in the Late 1980's and the Banca Nazionale del Lavoro." The appendix contains information showing that the CIA received information in January 1991 revealing that BNL-Rome approved at least some of the BNL-Atlanta loans to Iraq. In contrast, the CIA letter of September 17, 1992 states that the CIA received similar information from "publicly available" sources in the "December, 1989 - January, 1990" time-frame.

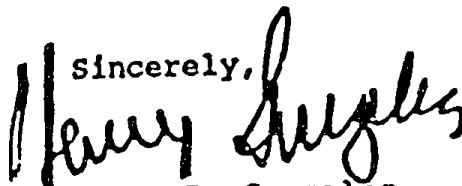
In addition, the CIA response to QUESTION 8 uses the words "publicly available" to describe the source of the CIA information indicating that BNL-Rome was aware of the illegal loans in Atlanta. In contrast, the source of information contained in the appendix of your letter to the Banking Committee, dated November 12, 1991, does not appear to be a "publicly available" source.

Since the two letters contain conflicting statements as to the date on which the CIA received information on BNL-Rome's knowledge of the illegal loans of its Atlanta branch and the source of this information, I would appreciate your answering the following questions:

1. Why did the CIA provide the U.S. Attorney's office in Atlanta with information on BNL-Rome that is contradictory to information furnished to the Banking Committee?
2. Regarding the date that the CIA received information on BNL-Rome's knowledge of the illegal BNL-Atlanta loans to Iraq, please explain the discrepancy between the CIA letter of September 17, 1992 and the appendix to the letter of November 12, 1991. Why did the CIA letter to the Acting AUSA in Atlanta fail to mention the information contained in the appendix of the November 12, 1991 letter to the Banking Committee?
3. While the November 12, 1991 letter to the Committee cites nonpublic sources, the September 17, 1992 letter cites "publicly available" sources. Which is correct? If the September 17, 1992 statement is correct, why is the pertinent portion of the November 12, 1991 letter still classified?
4. Did the CIA make available to the Justice Department or the U.S. Attorney's Office in Atlanta, the November 12, 1991 letter, with the attached appendix, that was sent to the Banking Committee? If so, please provide the date(s) the material was provided.
5. Did the CIA make available to the Justice Department or the U.S. Attorney's Office in Atlanta, the raw intelligence material that was used as the basis for the appendix of the November 12, 1991 letter? If so, please provide the date(s) the material was provided.

Please provide answers by the close of business Friday, September 25, 1992. The Committee looks forward to your timely reply.

Sincerely,



Henry B. Gonzalez
Chairman

HBG:dk